

in the creation of several joint stock banks between 1834 and 1837. The creation of such banks without a special charter was brought to a summary end by an Act of 1837, prohibiting the issue of circulating notes, except by banks holding legislative charters, and making such issues a misdemeanor. The banking phrenzy was not checked by this salutary regulation. The House of Assembly had passed a bill in 1833¹⁰ to enable the Receiver General to issue notes chargeable on the public, and a select committee in 1835 reported in favor of a provincial bank, on the basis of loans guaranteed by the province. These measures alarmed the home government and resulted in a despatch to the Lieutenant Governor August 31, 1836, directing him not to permit any act touching the circulation of promissory notes or the law of legal tender to come into operation in Upper Canada without having first received the royal sanction. This precaution was taken none too early, for bills were passed during the session of 1836-37 increasing the banking capital of the province from £500,000 to £4,500,000 and conferring a power of note issue to the limit of £13,500,000.¹ The Imperial government did not formally disallow these acts, but returned them to the Colonial legislature for more sober consideration. This course was effective and none of the measures were re-enacted.

The union of Upper and Lower Canada was accomplished on February 5, 1841, under the title of the Province of Canada, and banking legislation was henceforth enacted in uniform terms for the entire province. The government of Upper Canada prepared for the union by the sale of the government stock in the Bank of Upper Canada and the separation of the government from official connection with the bank. A scheme was brought forward soon after the union by the Governor General, Lord Sydenham, for a provincial bank of issue under the direct authority of the government. Lord Sydenham was a personal friend of Lord Overstone, the great champion of "the currency principle" in England, and endeavored to engraft upon Canadian

¹ Breckenridge, 77.